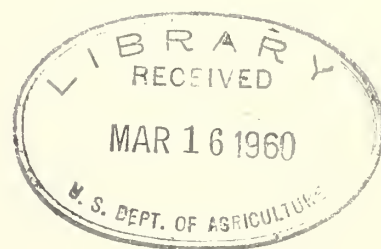


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Prospects for Foreign Trade in



**FRUITS, VEGETABLES,
TREE NUTS**

Foreign Agricultural Service
UNITED STATES DEPARTMENT OF AGRICULTURE
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PROSPECTS FOR FOREIGN TRADE IN FRUITS, VEGETABLES, AND TREE NUTS

SUMMARY

The outlook for U.S. fruit and vegetable trade indicates generally larger exports of U.S. items in 1959-60 than in 1958-59. This is partly the result of increased availabilities of U.S. fruit and vegetable commodities this season, particularly of processed fruits. Also, it reflects continued improvement in demand in Canadian and European markets and some further liberalization measures in several European countries. Foreign competitive supplies are expected to be larger this season than last except those of European deciduous fruits and vegetables, which will be short as a result of weather conditions in the spring and summer of 1959.

Mediterranean orange and grapefruit production in 1959-60 is expected to exceed last season's levels, but Italian lemon supplies will probably be smaller than in 1958-59. U.S. citrus supplies are expected to be as large or larger than in 1958-59. With additional European market opportunities for U.S. citrus resulting from liberalization measures by Denmark and France, U.S. exports of orange and grapefruit items this season should exceed those of 1958-59. U.S. lemon exports probably will increase even more, in view of smaller competitive supplies from Italy.

World production of deciduous fruits in 1959-60 is expected to be smaller than the record level achieved in 1958-59. European crops of dessert apples and pears in 1959-60 are considerably smaller than last season, especially in the importing countries. Several European countries permitted imports of apples and pears from the dollar area in the fall of 1959, while last season only the United Kingdom and Sweden permitted such imports before the end of January. Hence, U.S. exports of fresh apples and pears are expected to increase measurably above their 1958-59 levels.

Production of canned deciduous fruit in Southern Hemisphere countries during 1959 was less than in 1958, although available supplies were heavy because of large carry-in stocks. At the same time, the U.S. canned deciduous pack in 1959-60 will be substantially larger than in 1958-59, and opening prices are around 10 percent lower than last season. This season, the United Kingdom and Danish quotas for canned deciduous fruit from the dollar area are considerably above those for last season, and the German quotas are expected to be as large or larger. As a result, U.S. canned deciduous fruit exports this season are expected to be larger than in 1958-59.

World supplies of raisins and dried prunes are much larger this marketing season than they were last season. Prices are substantially lower than for the short 1958 pack, both in the United States and in competing countries, particularly for raisins. Supplies of dried apricots are also larger and prices lower, owing to a more normal U.S. crop. U.S. exports of dried fruits in 1959-60 will be larger than the abnormally small volume of 1958-59, but below average because of keen foreign competition.

World supplies of almonds are much greater this season than in 1958-59. Both U.S. and foreign producers have record-large crops and prices have fallen to exceptionally low levels. U.S. exports will be up and imports down compared with the small exports and large imports of 1958-59. World supplies of walnuts and filberts are down from 1958-59 but near normal, owing to small U.S. walnut and Turkish filbert crops. Walnut prices are likely to be higher than in 1958-59 while the filbert price level is largely dependent on Turkish governmental policy. U.S. walnut exports may be lower and imports higher in 1959-60 than last season.

Exports of vegetables from the United States are expected to be larger this season than last, because of abundant U.S. supplies and the improved demand in Canada. Several European countries have authorized imports of some fresh and processed vegetables, as a result of shortages arising from the severe drought. This may result in a slight increase in U.S. exports to those markets. Winter vegetable imports into the United States may be lower this season because of probable reductions in Cuba and small melon crops in Mexico.

The Canadian potato crop is about 6 million hundredweight below average, and the crop in a number of the more important European countries is down 10 to 20 percent from the crop of last year. The U.S. potato crop is about 10 percent above average, but below the very large harvest last season. Prospects are excellent for U.S. exports to Canada, and there will be a demand for some starch and for fresh potatoes in Europe. However, it is doubted that any of the European countries will relax their plant quarantine regulations sufficiently to permit the entry of U.S. fresh potatoes.

As the financial status of European countries have improved, some further steps to liberalize imports of fruit and vegetable items from the dollar area have been taken. For the most part, imports of citrus fruits, dried fruits, and tree nuts now may be made without controls by European importers. Quantitative restrictions remain on European imports of canned deciduous fruits and fresh apples and pears, however, in order to protect local or colonial producing industries. These barriers are significant restraints to trade, and continue to present difficult problems to U.S. exporters. They have thwarted the development of continuing commercial arrangements, because no assurance exists that trade can be carried out in any particular season.

The existence of some outmoded food regulations in some foreign countries continues to present problems to U.S. fruit and vegetable exporters. The use of new controls to prevent quality deterioration necessitates adjustment of existing food regulations abroad as well as in the United States. Continued activities are required to assist in the modification of foreign food regulations.

The development of the Common Market and various embryonic free trade areas promises to present increasing problems to exports of U.S. horticultural items. These unions provide preferential treatment for items produced by member countries, and thus far they have sought to increase the levels of protection.

Foreign supplies of horticultural exports continue to increase in quantity and improve in quality. Foreign markets are, as a rule, of greater importance to U.S. foreign competitors than to the U.S. industries, since normally a smaller share of the U.S. product than of the competitor's product is exported. With increasing world supplies, U.S. competitors have become increasingly concerned over marketing. Some are committing themselves to planned export programs with scheduled, consigned selling and advertising. Foreign competition has become more severe, and U.S. exporters may expect increasingly difficult competition in the future.

THE PRESENT SITUATION

Citrus Fruit

Fresh Citrus

During the 1958-59 season, the Mediterranean citrus fruit crop continued its expansion, with a record crop of oranges and also of lemons. Increased supplies of Southern Hemisphere oranges also were produced, and U.S. exports to the Western European markets encountered heavier competition than in any preceding season.

TABLE 1.--Citrus fruits: Production in principal producing areas, 1953-59

Commodity and crop year	United States	Mediterranean	Southern Hemisphere	Other	World total
Oranges and tangerines:	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>
1953.....	131	104	42	35	312
1954.....	136	111	44	44	335
1955.....	137	114	46	43	340
1956.....	137	92	52	49	330
1957.....	111	122	53	51	337
1958.....	134	132	60	52	378
1959.....	140	137	---	---	---
Grapefruit:					
1953.....	48	2	1	2	53
1954.....	42	2	1	2	47
1955.....	45	2	1	2	50
1956.....	45	2	1	2	50
1957.....	40	2	1	2	45
1958.....	44	2	2	2	50
1959.....	43	2	---	---	---
Lemons:					
1953.....	16	14	3	---	33
1954.....	14	14	4	---	32
1955.....	13	14	4	---	31
1956.....	16	15	4	---	35
1957.....	17	17	4	---	38
1958.....	17	19	4	---	40
1959.....	18	16	---	---	---

The 1958-59 U.S. citrus fruit crops also were larger than those of the preceding season, and exports of fresh oranges and grapefruit to European markets were larger than during the previous year. California lemon exports, however, dropped to nearly half their 1957-58 levels in the face of large lemon supplies from Italy.

TABLE 2.--Fresh citrus fruit: U. S. share of world production and trade, and percent of U. S. sales exported, by principal destination, 1953-58

Crop year	U. S. share of world--		Percent of U. S. sales exported			
	Production	Trade	Total	Europe	Canada	Other
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1953.....	50	16	12.3	4.1	7.5	.7
1954.....	47	17	12.7	4.7	7.1	.9
1955.....	47	20	15.0	6.8	7.2	1.0
1956.....	48	19	14.9	6.6	7.3	1.0
1957.....	40	13	13.8	5.8	7.2	.8
1958.....	41	12	13.3	4.5	7.5	1.3

In 1958-59, two significant liberalization moves affected exports of fresh citrus fruit from the United States. In March, Denmark lifted restrictions on the imports of citrus fruit from the United States for the first time since the war. Later in the year,

France liberalized imports of fresh oranges during the period June 15 through September and liberalized imports of fresh lemons and grapefruit for the entire year. Shipments of U.S. citrus fruit responded rapidly to these liberalization moves.

Early in November, the United Kingdom removed the existing quotas and liberalized imports of fresh oranges and lemons. Imports of fresh grapefruit from the United States, however, continue to be prohibited during the period October 1, 1958, through March 31, 1959. In August of 1959, a delegation of U.S. Gulf Coast grapefruit exporters visited the United Kingdom in an endeavor to persuade the British Government to import U.S. fresh and processed grapefruit in the same manner as imports of grapefruit from all other areas were permitted. This restriction had been established several years ago as a device to assist British West Indies grapefruit producers. Negotiations have continued in an endeavor to eliminate this discrimination against the United States.

TABLE 3.--Fresh citrus fruit: Exports to Europe from principal supplier, crop seasons 1954-58

Commodity and origin	1954	1955	1956	1957	1958
Oranges and tangerines:	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>
United States.....	2.9	4.3	3.8	1.2	1.7
Mediterranean area.....	52.7	49.3	43.9	61.7	69.8
Southern Hemisphere.....	6.4	7.5	8.7	8.6	9.7
Grapefruit:					
United States.....	0.4	0.6	0.6	0.5	0.6
Mediterranean.....	1.8	1.7	1.8	1.7	2.0
Southern Hemisphere.....	.4	.4	.5	.5	.6
Lemons:					
United States.....	1.2	1.3	1.5	2.6	1.4
Mediterranean area.....	5.7	5.4	6.7	5.6	7.7
Southern Hemisphere.....	1.9	1.2	1.7	1.5	1.6

Processed Citrus

Largely as a result of the continuing shortage of processed orange products following the freeze in Florida in 1958, prices of these products remained relatively high during the 1958-59 season. As a consequence, exports to offshore outlets were extremely small in 1958-59. Exports of grapefruit products, however, were about the same as in 1957-58.

Outlook.--A continued increase in the Mediterranean orange and grapefruit crops is in prospect for the 1958-59 marketing season. On the other hand, the Italian lemon crop is expected to be considerably smaller than last year's large production of both winter and summer, or Verdelli, lemons. The U.S. orange crop in prospect for 1959-60 will be larger than that of last season, and the U.S. lemon and grapefruit crops are expected to be equal to or larger than last year's supplies.

Western European market demands for fresh and processed citrus fruit products are expected to continue to increase. At the same time, the liberalization moves in Western Europe, especially in France, should have an important effect upon U.S. exports of fresh and processed citrus fruits. It is expected that exports of U.S. citrus fruits to Western Europe will be larger in 1959-60 than this past season, despite the relatively large Mediterranean orange crop this year. U.S. exports of fresh and processed lemon products are likely to increase considerably above their 1958-59 levels.

Deciduous Fruit

Fresh Fruit

Apples and pears are the most important fresh deciduous fruits entering international trade, both in the United States and the rest of the world.

TABLE 4.--Table apples and pears: Production in principal producing areas, 1953-59

Commodity and crop year	United States	Foreign countries					World total
		Western Europe		Southern Hemisphere	Other	Total	
		Market countries ¹	Other				
Apples:	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>	<i>Mil. bu.</i>
1953.....	95	162	65	27	43	297	392
1954.....	112	197	65	32	46	340	452
1955.....	107	126	84	29	46	285	392
1956.....	101	197	94	36	60	387	488
1957.....	118	77	71	33	63	244	362
1958.....	127	260	115	38	63	476	603
1959.....	116	139	113	---	---	---	---
Pears:							
1953.....	28	60	28	8	12	108	136
1954.....	30	55	23	11	12	101	131
1955.....	30	56	27	10	12	105	135
1956.....	32	46	28	11	15	100	132
1957.....	32	21	26	12	13	72	104
1958.....	29	77	34	11	15	137	166
1959.....	21	40	34	---	---	---	---

¹ Austria, Belgium, France, Germany, Ireland, Netherlands, Norway, Sweden, Switzerland, and United Kingdom.

The 1958-59 season was one of extremely abundant supplies of both these fruits on the European markets, as well as on North American markets. Production of table apples and pears in the important market countries of West Europe was substantially larger than in any recent season. In addition, there were large crops in Italy, the largest

TABLE 5.--Fresh deciduous fruit: U. S. share of world production and trade, and percent of U. S. sales exported, by principal destination, 1953-58

Crop year	U. S. share of world--		Percent of U. S. sales exported			
	Production	Trade	Total	Europe	Canada	Other
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1953.....	27	9	3.7	0.3	2.2	1.2
1954.....	28	10	4.2	.5	2.6	1.1
1955.....	28	9	5.1	.9	2.9	1.3
1956.....	27	10	5.2	.7	3.4	1.1
1957.....	33	15	7.4	3.0	3.1	1.3
1958.....	24	10	5.0	.9	2.9	1.2

commercial deciduous fruit producing country in Europe. As a result, prices in Western Europe were well below those of recent years. As a result, most continental European countries delayed opening their borders to imports of fresh apples and pears from the dollar area until late in the season in order to protect prices to domestic producers.

Exports of fresh apples and pears from the United States in 1958-59 were considerably below those of the preceding season, when short crops of fruit in Western Europe attracted the largest U.S. exports of these commodities in recent years. Approximately 2.5 million bushels of apples and 1.0 million bushels of pears were exported from the United States in 1958-59 compared with 5.4 million and 1.7 million, respectively, during the preceding season. Only 775,000 bushels of apples and 349,000 bushels of pears were exported from the United States to Europe in 1958-59, compared with 3.4 million and 0.9 million bushels, respectively, during the preceding season.

TABLE 6.--Fresh apples and pears: Exports to Western Europe, by major supplying area, average 1949-53, annual 1954-58¹

Commodity and origin	Average 1949-53	1954	1955	1956	1957	1958
	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>	<i>Mil. boxes</i>
Apples:						
United States.....	0.9	0.6	0.8	0.4	3.4	0.8
Canada.....	1.1	.8	.9	.6	1.9	1.0
Europe.....	13.0	15.4	23.9	21.6	20.6	19.0
Southern Hemisphere.....	4.1	6.5	7.9	8.2	10.7	11.2
Pears:						
United States.....	.1	.1	.3	.4	.9	.3
Europe.....	4.6	4.1	5.8	5.2	3.6	5.6
Southern Hemisphere.....	1.5	2.6	2.4	2.9	3.3	3.1

¹ Year beginning July 1.

The announcement by the United Kingdom of a Northern Hemisphere quota for imports of fresh apples benefited U.S. exporters last season. In July 1958, the United Kingdom announced that 3.8 million bushels of apples could be imported from all Northern Hemisphere countries during the 1958-59 marketing season. This, for the first time, placed exporters of North American apples on the same basis as exporters

TABLE 7.--Table grapes: U. S. share of world production¹ and trade, and percent of U. S. sales exported, by principal destination, 1953-58

Crop year	U. S. share of world--		Percent of U. S. sales exported			
	Production	Trade	Total	Europe	Canada	Other
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1953.....	26	18	9.4	---	7.1	2.3
1954.....	24	18	10.6	.1	8.0	2.5
1955.....	26	20	12.2	.6	8.8	2.8
1956.....	24	19	13.4	.9	9.9	2.6
1957.....	26	22	14.9	.9	11.1	2.9
1958.....	26	18	15.6	.9	11.7	3.0

¹ Grapes consumed fresh.

of fresh apples from competitive countries in Western Europe. Exports from the United States and Canada increased at the expense of those from Italy to the United Kingdom market.

Exports of California fresh table grapes continued to increase in 1958. The bulk of these were to Canada, with Venezuela and Mexico providing the next most important outlets. Nearly 5,000 tons were shipped to Europe, about the same quantity as during the preceding year.

Outlook.--The 1959-60 Western European table apple and pear crops are smaller than last season. Although larger than the short crops of 1957-58, they appear to be considerably below average for recent years. Since U.S. supplies are adequate, larger exports are expected in 1959-60 than during the preceding season.

European market prices of table apples and pears in October and November were considerably above their levels of a year ago. By November Western European countries evidenced a willingness to admit fresh apples and pears from the dollar area to their markets earlier than during the preceding season. West Germany, for example, admitted imports of fresh apples and pears from the dollar area on October 27, 1959, while during the preceding season fresh pears were admitted on January 30 but fresh apples were not admitted until April 21. Similarly, the Netherlands admitted imports of fresh apples and pears on November 3, 1959. Even France, which would not admit any dollar apples during recent seasons, announced it would authorize the importation of fresh apples (although subject to price levels at home) after February 15, 1960.

The United Kingdom took another forward step toward liberalizing imports of fruit from the dollar area in May of 1959. The Northern Hemisphere quota for imports of fresh apples was continued, and a similar quota amounting to 24,000 long tons was established for imports of fresh pears. Imports of all other fresh deciduous fruits were liberalized. As a result of these measures, a number of fresh deciduous fruits, such as plums and summer pears, which have not been exported to the United Kingdom since prior to the war, were again traded.

Canned Fruit

The 1958-59 canned deciduous fruit marketing season was characterized by contrasts in the European and North American consuming markets. As a result of unfavorable weather in California, the packs of several major canned fruit items, especially canned peaches, cocktail, and apricots, were smaller than had been anticipated. Prices of most U.S. canned deciduous fruits were higher than during the preceding season, and there were even some allocations of initial offerings to the trade.

TABLE 8.--Canned deciduous fruit: Production, by area, 1953-58 seasons

Area	1953	1954	1955	1956	1957	1958
	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>
United States.....	55.9	57.7	65.8	71.1	65.2	64.0
Canada.....	2.4	3.3	3.8	2.8	3.2	3.1
Europe.....	3.2	7.2	7.3	9.2	7.0	9.5
Australia and South Africa...	7.6	7.5	7.7	7.5	9.8	8.4
Other countries.....	.8	1.5	1.8	2.7	4.5	3.9
Total.....	69.9	77.2	86.4	93.3	89.7	88.9

¹ Equivalent 24 No. 2 1/2 cans.

Imports of canned deciduous fruit into the Western European markets, especially the United Kingdom and West Germany, on the other hand, were larger than in any post-war year. Increased offerings of canned deciduous fruits from the large 1958 packs in Australia and South Africa led to some decline in canned fruit prices in the United Kingdom. Prices of canned fruits in West Germany, on the other hand, were maintained because the tenders issued by the West German Government limited imports.

TABLE 9.--Canned deciduous fruit: U. S. share of world production and trade, and percent of U. S. sales exported, by principal destination, 1953-58

Crop year	U. S. share of world--		Percent of U. S. sales exported			
	Production	Trade	Total	Europe	Canada	Other
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1953.....	82	25	4.2	1.7	1.4	1.1
1954.....	75	29	4.4	1.5	1.8	1.1
1955.....	76	37	5.7	3.2	1.3	1.2
1956.....	76	43	6.8	3.6	1.9	1.3
1957.....	73	39	8.3	4.8	2.1	1.4
1958.....	72	39	6.7	4.0	1.6	1.1

Imports of canned deciduous fruit into Western European countries have increased steadily each year during the past 5 years. In 1958, European imports of canned deciduous fruit were nearly double those of 1954, despite increased production of canned fruit within the European countries themselves.

TABLE 10.--Canned pineapple: Production, by area, 1953-58

Area	1953	1954	1955	1956	1957	1958
	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>
Hawaii.....	13.4	13.1	14.7	14.6	13.5	14.2
Malaya.....	.9	1.3	1.4	1.7	2.1	1.9
Others.....	4.3	3.8	4.2	4.7	4.5	4.5
Total.....	18.6	18.2	20.3	21.0	20.1	20.6

¹ Equivalent 24 No. 2 1/2 cans.

Outlook.--During the 1959 growing season the weather has been favorable to production of U.S. fruits for canning, and large packs of major U.S. canned deciduous fruit items have been made. As a result, prices have decreased; and canners' quotations in October 1959 were roughly 10 percent below their levels of the preceding year.

With lower prices and increased availability of supplies, there will be a greater tendency to export U.S. canned deciduous fruits this season than in 1958-59.

Market opportunities in 1959-60 for exports of U.S. canned deciduous fruits also appear somewhat more favorable than last season. The West German tenders appear likely to equal or exceed those issued in 1958-59. The United Kingdom announced in May 1959 that its 1959-60 quota for imports of canned deciduous fruit from the dollar area would amount to 3,200,000 pounds, sterling, c.i.f., which was nearly half again larger than the 1958-59 quota. In addition, it seems likely that Denmark's quota for imports of canned fruits in 1959-60 will be substantially larger than its 1958-59 quota.

TABLE 11.--Canned fruit: Imports, by area, 1954-58

Commodity and area	1954	1955	1956	1957	1958
	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>	<i>Mil. cases¹</i>
Deciduous:					
Europe.....	6.4	9.0	9.3	11.3	12.0
Canada.....	1.3	1.0	1.7	1.7	1.2
U. S.....	.2	.1	.1	.1	.1
Other.....	.4	.3	.3	.2	.2
Total.....	8.3	10.4	11.4	13.3	13.5
Pineapple:					
Europe.....	3.7	4.9	5.4	6.4	7.4
Canada.....	.8	.7	.7	.9	1.0
U. S. ²	14.8	16.8	16.9	15.6	15.6
Other.....	.4	.2	.4	.5	.7
Total.....	19.7	22.6	23.4	23.4	24.7
Total:					
Europe.....	10.1	13.9	14.7	17.7	19.4
Canada.....	2.1	1.7	2.4	2.6	2.2
U. S.....	15.0	16.9	17.0	15.7	15.7
Other.....	.8	.5	.7	.7	.9
Total.....	28.0	33.0	34.8	36.7	38.2

¹ Equivalent 24 No. 2 1/2 cans.

² Shipments from Hawaii.

From a competitive standpoint, foreign supplies will not be as heavy in 1959-60 as last season. The 1959 packs in South Africa and Australia were lower than during the preceding year, and the Argentine pack was sharply reduced in 1959.

Dried Fruit

World production of dried fruits in 1958-59 was nearly 10 percent below average. Foreign production was above average, but unfavorable weather sharply cut U.S. packs of raisins, prunes, dried cut fruits, and figs.

World raisin supplies were below normal for the second successive year in 1958-59, owing to the U.S. pack being substantially below average each year. Only 161,000 short tons of California raisins were of marketable quality in 1958 compared with an average of 231,000 tons in the 1951-55 period. Despite a short Greek crop, foreign production in 1958 was again above average. Australia and Iran had bumper crops, while Turkey and Spain had good crops. In aggregate, the combined foreign and U.S. raisin production of marketable grades in 1958 was 7 percent below average. Following upon the short world production of 1957, stocks in both producing and consuming countries were at unusually low levels.

Raisin prices in 1958-59 reached unprecedented heights. U.S. prices, for instance, for natural Thompson seedless opened at 26-1/2 cents per pound compared with 17-1/2 cents--an already exceptionally high price--in November 1957. Turkish No. 9 grade reached 17-1/2 cents, f.o.b. Izmir, in 1958-59 compared with 15-1/2 cents the previous

EUROPEAN IMPORT CONTROLS ON PRINCIPAL UNITED STATES FRUIT COMMODITIES ¹

AREA & COUNTRY	FRESH		DRIED			CANNED				WALNUTS ALMONDS FILBERTS
	APPLES & PEARS	CITRUS	PRUNES	RAISINS	OTHER	PEACHES	PEARS & COCKTAIL	OTHER FRUITS	JUICES	
COMMON MARKET										
Belgium - Lux.....	14									
France.....	2	3	4		5				6	7
Germany, F.R.....	14					8	8	9		
Italy.....			14							
Netherlands.....	14									
OTHER EUROPE.....										
Austria.....	14							10	10	
Denmark.....						14	14	14	11	
Finland.....										
Ireland.....	12									
Norway.....	14				14					
Sweden.....	14									
Switzerland.....	14									
United Kingdom.....	14	13				14	14	14	14	

¹ Figures and numbers in table represent the following controls:


















-  No import control or licenses and permits automatically issued.
-  Imports are permitted up to specified quantitative limits.
-  Imports are permitted at specified times.
-  Imports not permitted.
-  Imports of apples permitted from February 15 provided domestic prices remain above prescribed limits. Pear imports rarely permitted.
-  Lemons and grapefruit may be imported at any time; oranges only from June 15 to September 30.
-  Natural condition prunes in sacks may be imported freely.
-  Apricots, and figs in 15 kg. cases may be imported freely.
-  Lemon and grapefruit juice of densities up to 1.33 may be imported freely.
-  Almonds and filberts may be imported freely.
-  Import quotas established irregularly.
-  Grapefruit, pineapple and apricots may be imported freely.
-  Grapefruit and pineapple may be imported freely.
-  Import generally prohibited; small quota in 1959.
-  Apple imports permitted at specified times; pears may be imported freely.
-  Grapefruit may be imported only from April 1 to September 30, up to specified quantitative limits.
-  Fruit juices other than orange and grapefruit may be imported freely.

TABLE 12.--Raisins and dried prunes: Production, by area, in 1953-59

Commodity and crop year	United States	Mediterranean	Southern Hemisphere	World total
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Raisins:				
1953.....	233	209	109	551
1954.....	168	192	103	463
1955.....	225	183	95	503
1956.....	200	253	69	522
1957.....	163	221	87	471
1958.....	186	205	98	489
1959.....	241	251	97	589
Dried prunes:				
1953.....	148	60	16	224
1954.....	178	17	12	207
1955.....	135	36	18	189
1956.....	196	8	18	222
1957.....	165	28	16	212
1958.....	97	27	20	144
1959.....	153	55	18	226

year. Greek No. 4 naturals reached 17-3/4 cents, f.o.b. Iraklion, compared with 14-3/4 cents at the close of the 1957-58 season. Australian prices continued at the high levels attained in late 1957 until late in 1958-59.

Foreign producing countries enjoyed a banner export season. U.S. exports, however, were considerably below normal. U.S. exports of raisins in 1958-59 amounted to only 23,000 tons in comparison with 51,000 tons in 1956-57, the last year of near-normal U.S. supplies.

In the case of dried prunes, the U.S. pack, which dominates world production, was the smallest in decades and had a profound effect on the world supply, which totaled only 143,000 tons compared with an average of 198,000 tons. Though U.S. production was down, the volume of prunes packed by foreign producers was about average in 1958-59, totaling 47,000 tons. Yugoslavia, the largest foreign prune producer, had a slightly larger than normal pack of 23,600 tons, while France, the second largest producer abroad, experienced a near crop failure. Chile and Argentina, minor producers but of increasing importance, had larger than average crops.

Prices, worldwide, were markedly higher than in 1957-58. California Santa Clara 50-60s, for example, were quoted at 23-1/2 cents per pound in contrast with 14-1/2 cents to 15-1/4 cents in 1957-58. Yugoslav prunes, size 95-100 per half kilo, were quoted at 15-1/2 cents per pound, f.o.b. Yugoslav border, compared with 13-1/2 cents a year earlier. Foreign exporters were able to move an usually large volume--Yugoslavia and Argentina in particular enjoyed heavy exports. On the other hand, the U.S. export volume was the lowest in many years. U.S. exports in 1958-59 amounted to only 27,000 tons, while they were nearly 62,000 tons in each of the two preceding seasons.

Exports of California dried apricots in 1958-59 were but one-fourth of the 1951-55 average (and one-thirtieth of the prewar average). While foreign production rose again in 1958 exceeding the 5-year average by over 50 percent, California production was the lowest in decades. The U.S. price for dried apricots soared to 76 cents per pound for

TABLE 13.--Dried fruit:¹ U. S. share of world production and trade, and percent of U. S. sales exported, by principal destination, 1953-58

Crop year	U. S. share of world--		Percent of U. S. sales exported			
	Production	Trade	Total	Europe	Canada	Other
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1953.....	45	24	26.0	18.7	4.3	3.0
1954.....	46	21	22.7	14.5	4.8	3.4
1955.....	47	21	30.9	23.1	4.2	3.6
1956.....	46	28	29.3	21.7	4.4	3.2
1957.....	42	20	29.6	21.4	4.9	3.3
1958.....	38	21	19.6	12.9	3.8	2.9

¹ Apples, apricots, peaches, pears, prunes, and raisins.

Blenheim Choice compared with 45 cents the previous year. Dried apricots from Iran, Spain, and Turkey sold for a fraction of the U.S. price.

Outlook.--With production in 1959-60 more nearly normal than in 1958-59, U.S. exports are expected to increase significantly over the decreased levels of the previous season. U.S. prices in 1959-60 are substantially lower than in the 1958-59 season and should be favorable to an increase in exports. However, foreign competition will be unusually keen in 1959-60. Bumper crops of raisins and other dried fruits have been harvested in foreign competing countries. Their prices, too, are markedly lower than in preceding seasons. It is, therefore, anticipated that U.S. raisin exports will recover from the exceptionally low level of 23,000 tons in 1958-59, but may not attain the 51,000-ton level of 1956-57. Likewise, U.S. prune exports will be higher than the 27,000 tons exported in 1958-59, but will be materially below the 62,000-ton volume exported in 1956-57 and 1957-58.

Tree Nuts

The 1958-59 season was characterized by divergent production trends in the major edible tree nuts. World production of almonds was below average, while walnut and filbert production was materially larger than normal.

Almond production both abroad and in California was short, particularly so for California, where the crop was less than half of average. The Italian and Portuguese crops were also short--less than 50 percent of normal, but Spain, Iran, and Morocco had large crops. Prices of both foreign and domestic almonds were well above those of 1957-58. California 23-25s were quoted at \$1.00 per pound for much of the 1958-59 season contrasted with 71 to 75 cents in 1957-58. Italian prices rose about 20 cents per pound, to 57 cents early in the season. However, foreign prices declined sharply in the latter part of the 1958-59 season when it became apparent that the 1959-60 supplies would be large. U.S. imports in 1958-59 were exceptionally large, totaling over 12 million pounds, shelled basis; average imports in recent years have been approximately 3 million pounds annually. Conversely, U.S. exports were unusually low, aggregating less than 2 million pounds compared with an average of over 7-1/2 million pounds, shelled.

World production of walnuts in 1958 was the highest in many years; both U.S. and foreign producers harvested a bumper crop. French production was slightly above average, and Italy and India had large crops. However, Red Chinese production, for which data are not available, was reportedly much below normal. The U.S. crop was the largest on record. Prices were low both abroad and in the United States. California

TABLE 14.--Almonds, filberts, and walnuts: Production in the United States and Mediterranean countries, on a shelled basis, 1953-59

Commodity and crop year	United States	Mediterranean ¹	Total
Almonds:	<i>1,000 short tons</i>	<i>1,000 short tons</i>	<i>1,000 short tons</i>
1953.....	19.6	84.9	104.5
1954.....	22.2	72.7	94.9
1955.....	19.2	45.7	64.9
1956.....	30.0	40.2	70.2
1957.....	18.0	102.7	120.7
1958.....	9.6	56.9	66.5
1959.....	40.0	102.2	142.2
Filberts:			
1953.....	2.0	50.0	52.0
1954.....	3.4	74.8	78.2
1955.....	3.1	53.6	56.7
1956.....	1.2	87.3	88.5
1957.....	5.0	64.8	69.8
1958.....	3.0	73.4	76.4
1959.....	3.8	63.2	67.0
Walnuts:			
1953.....	23.1	27.9	51.0
1954.....	29.4	29.3	58.7
1955.....	30.2	37.8	68.0
1956.....	28.0	34.5	62.5
1957.....	26.0	22.6	48.6
1958.....	34.6	35.9	70.5
1959.....	24.1	34.6	58.7

¹ Almonds: Iran, Italy, Morocco, Portugal, and Spain. Filberts: Italy, Spain, and Turkey. Walnuts: France, Italy, Iran, Turkey, and Yugoslavia; India also included in Mediterranean total.

light pieces were quoted at 76-78 cents per pound in contrast with 90 cents in 1957-58. As a result of highly competitive pricing by the U.S. industry, imports into the United States were relatively modest despite the large foreign pack and generally low foreign prices. United States imports totaled about 3-1/4 million pounds; their average has been over 7 million pounds annually, as kernels. U.S. exports amounted to 8.7 million pounds of in-shell walnuts, the largest since 1954-55, and 1.1 million pounds of kernels, the largest on record.

World production of filberts was large in 1958 because it was the "on year" for Turkey, which dominates world filbert output. Italy also had a large crop; Spain's was a little below average, and U.S. production was about average. Prices of both foreign and domestic filberts in the U.S. market were generally stronger than in the preceding season. U.S. imports of more than 6-1/2 million pounds, shelled, were a little larger than average. U.S. exports, as usual, were minor.

Outlook.--For 1959-60, it appears that world almond production will be the largest ever and walnut and filbert production about average.

The U.S. pack of almonds is record large; of walnuts, below average; and of filberts, above average. U.S. almond prices are the lowest in 5 years and may result in the attainment of greatly expanded domestic consumption. However, even if this is achieved,

the U.S. almond industry will have a substantial surplus and much larger exports than last season. The volume of imports depends on whether Section 22 (of the Agricultural Adjustment Act) import restrictions go into effect.

The U.S. pack of walnuts is materially below average while foreign production is slightly above normal. U.S. prices are substantially higher than last season for kernels, which is the form in which imports occur. French walnut kernel prices are also much higher than in 1958-59. U.S. imports of kernels will not be higher than last season unless the differential between domestic and foreign prices turns out to be larger than in 1958-59. U.S. exports of walnuts will be down from last season.

Although 1959 is the "off year" for Turkish filbert production, the world pack should be near average because Turkish production is not as low as normally for an "off year," and Italy and the U.S. have large packs. Spanish production is near average. U.S. filbert prices are about the same as those of a year earlier. Though Turkish prices declined several cents as a result of devaluation in August, they strengthened measurably in November. The volume of Turkish filberts imported into the United States will be moderate if Turkish prices continue firm.

Vegetables

Canada provides the largest single market for exports of both fresh and processed vegetables and of potatoes from the United States. Normally, Canada receives more than two-thirds of these exports. Cuba is also an important market for both fresh and processed vegetable exports. Western Europe takes substantial quantities of canned vegetables, particularly canned asparagus.

U.S. exports of both vegetables and potatoes were larger during the past season than a year ago. This was the result of larger supplies of U.S. winter vegetables, slightly smaller supplies in Canada, and generally good purchasing power in the foreign markets.

During the past season, Canada increased its import duty on potatoes throughout the year, and increased seasonal duties on a number of fresh vegetables. As compensation to the United States, the nonseasonal duties on a number of vegetables were lowered.

The United Kingdom liberalized imports of fresh and processed vegetables in the summer of 1959. France and West Germany have authorized the importation of some vegetable items from the dollar area this season.

TABLE 15.--Vegetables: U. S. exports, by destination, average 1956-58

Commodity	Total	Canada	Cuba	Venezuela	Other
	<i>Mil. lb.</i>	<i>Percent of total</i>	<i>Percent of total</i>	<i>Percent of total</i>	<i>Percent of total</i>
Potatoes.....	303.2	56.3	19.7	4.6	19.4
Vegetables, fresh.....	777.9	83.1	8.6	---	8.3
Vegetables, canned.....	212.2	34.7	15.2	3.8	46.3
Total.....	1,293.3	68.9	12.3	1.7	17.1

Exports prospects for the 1959-60 season appear good. U.S. supplies are adequate and most prices are at reasonable levels. The Canadian potato crop is down about 6 million hundredweight, or 15 percent, and there has been some frost damage during harvest. Also, Northern Europe's severe drought during the late spring and summer materially reduced the supply of both potatoes and vegetables. This, coupled with the

recent trade liberalization, could result in some increase in sales to that area. Exports to Cuba may be decreased this coming season because of declining purchasing power.

Canada, in addition to receiving most U.S. vegetable exports, contributes almost half of the imports of vegetables into the United States. The two other large suppliers are Mexico and Cuba. Imports in the 1958-59 season showed a slight increase over those of the previous season.

TABLE 16.--Vegetables, fresh: U. S. imports, by origin, average 1956-58

Commodity	Total	Canada	Chile	Cuba	Mexico	Other
	<i>Mil. lb.</i>	<i>Percent of total</i>	<i>Percent of total</i>	<i>Percent of total</i>	<i>Percent of total</i>	<i>Percent of total</i>
Potatoes.....	233.5	99.8	---	0.2	---	---
Tomatoes.....	159.6	.3	---	16.3	82.6	0.8
Melons.....	96.9	---	7.2	.6	88.8	3.4
Other.....	265.8	47.6	3.3	18.7	20.9	9.5
Total, excl. potatoes....	522.3	24.3	3.0	14.6	52.4	5.7
Grand total.....	755.8	47.6	2.1	10.2	36.2	3.9

The outlook for 1959-60 is for fewer imports than last season. The Canadian potato crop is short and other vegetable production may be down. Political unrest, transportation problems, and other factors may substantially reduce vegetable imports from Cuba. However, prospects in Mexico are excellent. The supply of irrigation water is record large and winter crops are making good progress. Normally about one-third of the U.S. imports of vegetables come from Mexico. There may be some increase in imports from Mexico, but it is unlikely that they can offset the expected drop in those from Canada and Cuba.

FACTORS AFFECTING MARKETING OUTLOOK

Weather conditions are always one of the more important factors affecting world trade in fruit and vegetable commodities. Favorable and unfavorable growing conditions in any season affect supplies sufficiently to reverse normal trading patterns, to create abnormal markets, or to eliminate normal markets. In 1959, weather conditions restored U.S. dried fruit production after two seasons of below-normal supplies, created vegetable shortages in continental Europe, and temporarily reversed the trend of rapidly increasing production of table apples and pears in Western Europe.

Consumer incomes are also all-important. Most significant recent increases occurred in Western Europe and in Canada. Generally elsewhere there was small improvement or no change. The external financial position of most foreign countries which are markets for U.S. fruit and vegetables improved gradually during the year. The greatest improvements occurred in France and New Zealand.

Canada continues to be the United States' best customer for fruit and vegetable commodities, taking 41 percent of U.S. exports of fruits and nuts and 48 percent of U.S. vegetables. Fourteen countries of Western Europe (with a population 15 times as large as Canada) together receive 43 percent of U.S. exports of fruits and nuts and 14 percent of the vegetables.

Import and exchange controls of individual foreign countries also limit realization of potential trade opportunities. Under the general rules of the General Agreement on Tariffs and Trade, quantitative restrictions are not permitted. One exception to the

TABLE 17.--Fruit and nut items: Distribution of value of U. S. export trade, by area and income

Market area	Exports ¹	Value ²	Income ³
	<i>Percent of total</i>	<i>Dol. per capita</i>	
Canada.....	41	6.22	1,463
Europe:			
6 countries EEC group ⁴	24	.39	688
8 other countries.....	19	.58	938
Central America:			
5 countries CACM group ⁵	1	.14	174
5 other countries.....	5	.31	271
South America:			
5 countries.....	4	.12	201
Pacific area:			
6 countries.....	2	.04	280
All other.....	4	(⁶)	(⁷)

¹ 1956-58 average value of U. S. exports of "fruits and preparations" and "nuts and preparations."

² U. S. value of exports to the market divided by total population of the market.

³ Per capita national income where available, otherwise per capita value of gross national product.

⁴ European Economic Community.

⁵ Central American Common Market.

⁶ Less than 1 cent.

⁷ Not available.

general rule is related to the need of a specific country to safeguard its balance of payments. The GATT lays down specific rules, however, as to how such restrictions are to be applied so as to avoid unnecessary damage to the commercial or economic interests of any other contracting party. In this connection, a significant development has been the substantial improvement of gold and foreign exchange reserves in many industrialized countries. Reflecting this improvement has been the restoration of external convertibility to the main trading currencies of the world. In the light of these developments the United States has taken a firm position, in the GATT forum and elsewhere, that financial justification no longer exists for trade restrictions in these areas. It has also urged that such restrictions be promptly removed. It is likely, however, that certain import restrictions--including some of a discriminatory nature--will be continued for the time being even though no longer financially justified.

A summary of the import controls applied on principal U.S. fruit commodities by major European markets is given on pages 16 and 17. This summary as of a few years ago was much "darker." Now that European currencies are becoming freely convertible, it is hoped that the future will shortly be even "lighter."

Commodity-wise the most stringent import controls on fruits are applied to fresh apples and pears. Most European countries are significant producers of these fruits; hence, their controls are aimed primarily at providing an assured market for the domestic production. Only in seasons when domestic supplies are quite short do these countries permit entry of U.S. apples and pears sufficiently early in the season to allow reasonable trade opportunities.

Country-wise, Italy almost completely prohibits imports of U.S. fruit commodities although having no adverse balance-of-payments situation. Finland has fewer restrictions than Italy, yet still has severe economic problems. France, until recently, would

TABLE 18.--Fresh apples and pears: Earliest entry dates for U.S. fruits in European markets in the past 5 years

Country	Marketing season ¹									
	Apples					Pears				
	1955	1956	1957	1958	1959	1955	1956	1957	1958	1959
Austria...	---	---	9/1	---	---	---	---	9/1	---	---
Belgium...	3/16	3/16	1/13	3/16	11/13	2/16	2/16	11/15	2/16	---
France....	4/7	---	---	---	2/15	4/7	---	---	---	11/5
Germany, West....	2/1	---	9/1	4/21	10/27	2/1	---	9/1	1/30	10/27
Ireland...	---	---	4/1	3/1	---	(²)	(²)	(²)	(²)	(²)
Nether- lands...	3/16	3/16	9/1	3/16	11/3	2/16	2/16	9/1	2/16	11/3
Norway....	---	---	1/15	4/1	---	---	---	12/1	2/1	1/16
Sweden....	12/5	2/1	12/9	2/11	12/21	10/12	11/24	10/11	11/17	10/12
Switzer- land....	---	---	9/1	6/12	10/12	---	---	---	---	10/3
United Kingdom.	---	11/16	11/16	10/1	7/1	---	---	11/16	10/1	7/1

¹Beginning July 1.

² Ireland has no seasonal restrictions on pears.

permit very few U.S. fruits to enter despite a long history of successful trade prior to World War II.

The export aid given by a number of competing supplying countries is still another situation which limits achievement of maximum trade potential by U.S. fruit exporters. Such aids are of many types but the effect of all are to enhance the competitive position of the particular country.

Most British Commonwealth fruit commodities are sold for export through centralized marketing boards. These countries also enjoy free access to the United Kingdom market and usually receive preferential tariff treatment from the United Kingdom and from one another. Allocation of commodities between markets at differential prices is a common practice.

Other export aids include authorization of special use of retained export earnings in Greece, Denmark, and Costa Rica; export subsidies in Israel, Greece, and Switzerland; preferential export freight rates in the Union of South Africa, Austria, and Norway; bilateral agreements such as those used by and between Greece and Japan; and preferential insurance, credit, and tax schemes as in Italy and Greece.

DEVELOPMENTS IN BUILDING WORLD MARKETS

Lessening Trade Barriers

Trade barriers imposed by countries which are members of GATT are governed by the rules of that Agreement; therefore, relief from restrictions which are discriminatory or otherwise imposed in violation of those rules is sought in the meetings of the contracting parties to the Agreement as well as in direct meetings with officials of the countries concerned at the capitals.

A number of forums exist within GATT for this purpose, ranging from very informal bilateral discussions to formal examinations in the plenary sessions of the contracting parties. Others include biennial "Article XII Consultations," wherein a contracting party justified in the use of restrictions for balance-of-payments reasons is examined with respect to the level of and continued need for the restrictions. If such restrictions are discriminatory in character, as is permitted under certain special rules, annual consultation with the contracting parties is required.¹

Recently the GATT established a Committee II to study the effects of agricultural protectionism on trade in agricultural products, and a detailed plan of consultations with individual countries was announced. While some of the consultations have been concluded, the schedule will not be completed until the summer of 1960. The findings of Committee II will not be known until some time after the individual consultations are completed.

The members of GATT have also agreed to hold a tariff conference beginning September 1, 1960. The first stage of the conference, September through December 1960, is to be devoted primarily to renegotiations by contracting parties with the European Economic Community. January 1961 onward is the period set aside for negotiations among contracting parties for new tariff concessions, including those with countries planning to accede to the General Agreement.

Members of GATT to date have displayed considerable reluctance to apply GATT principles to trade in agricultural products. Most of the waivers and exceptions to which the contracting parties have agreed concerned agricultural commodities. In some instances, restrictions on imports have been continued despite findings that the country concerned has no right (or specific waiver) under the GATT to apply such controls. Similarly, countries proposing to accede to the GATT have done so on the basis that the established principles and rules should not apply to agricultural commodities.

A number of countries, not members of the GATT, are of interest to U.S. fruit and vegetable producers both as suppliers of agricultural products and as markets. With some, for example Venezuela, the United States has a bilateral trade agreement which prescribes trading principles for specified commodities. With still other countries, such as Mexico, no trade agreement exists and it is the U.S. hope that these countries will grant the United States trading conditions at least as favorable as those the United States affords that country.

The increasing development of and interest in "common markets" throughout the world create the possibility of new kinds of trade barriers for agricultural products. Such common markets may not only foster the development of specialized producing areas within the natural boundaries of the market but could also provide preferential import treatment for the products of their associated overseas territories which are largely agricultural. In addition, the common market treaties thus far adopted agree to provide special treatment for agriculture as an industry and for agricultural products, although the details of such special treatment have not yet been announced. These are the threats of regional moves toward economic integration. On the other hand, effective economic integration holds the promise of increased purchasing power and expanding markets.

Common market agreements now in force include the European Economic Community, comprising Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands,² and the Multilateral Treaty of Free Trade and Central American Economic Integration, comprising Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

Other countries considering the formation of economically integrated units include the Scandinavian countries; Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom;³ Argentina, Brazil, Chile, and Uruguay;⁴ and Colombia, Ecuador, and Venezuela.

¹Twelve of the 37 members of the GATT impose no restrictions for balance-of-payments reasons and, of the 25 members imposing restrictions, only 4 do so in a nondiscriminatory manner.

²Greece and Turkey have applied for membership in this market.

³Current discussions of this group leaves the problems of agricultural products for future special negotiations.

⁴Bolivia, Paraguay, and Peru are also considering joining this unit.

Efforts to reduce the level of specific foreign import restrictions on fruit and vegetable items or to eliminate the discriminatory aspects of such restrictions have been largely persuasive in character as is required by U.S. policy and by the nature of the trade agreements between and among sovereign countries. This is done by (1) usual diplomatic channels including agricultural attachés in the countries concerned; (2) U.S. industry representatives traveling abroad; (3) foreign import groups, and (4) by U.S. representatives and delegates to the GATT.

Many foreign countries are becoming increasingly aware of the use of chemicals in production, processing, packing, and storing of fruits, and the residues remaining on the fruit. There has been an increasing concern--worldwide--about the effects of these residues on public health.

These developments have led to the re-examination of and modification of existing food regulations in a number of countries, and the development of new laws and regulations in others.

Such regulations directly affect sales of U.S. fruits in a number of foreign countries. U.S. producers tend to use the most up-to-date practices to inhibit decay and maintain condition in transit. Moreover, U.S. fruit must travel long distances to export markets. Hence, out-of-date regulations often have affected U.S. fruit exports. Also, new food regulations are being established in West Germany, and these could materially affect U.S. trade to that country.

An important objective is to facilitate U.S. exports through ascertaining and interpreting foreign health and sanitary regulations and through representing to foreign governments the U.S. position and commercial practices in this field.

Sales for Foreign Currencies

The few fruits sold for foreign currencies in the marketing year 1958-59 were fresh lemons to Finland; fresh apples and pears, dates, and fresh lemons to Iceland; and fresh and processed lemons to Yugoslavia. These were sold under Title I of Public Law 480 at a total value of \$ 800,000.

Dried fruits have benefited most from the provisions of P.L. 480, but the share of fruit commodities exported under government-financed programs is well below that for agricultural products as a whole.

TABLE 19.--Selected fruits and all agricultural commodities: Distribution of value of U.S. exports under specified government-financed programs¹

Commodity	Percent of total exports in fiscal year--				
	1955	1956	1957	1958	1959
Dried fruits.....	7	20	23	12	(²)
Fruit & juices, fresh, frozen and canned.....	3	8	6	2	(²)
All agricultural commodities.....	28	41	42	31	31

¹ Public Law 480, Titles I, II and III, and P. L. 665, Section 402 and economic aid.

² Less than 1 percent.

Promotional Activities

Individual shippers and segments of the U.S. fruit industry have had long experience in developing and maintaining foreign markets. They carry out merchandising and promotional programs abroad through their foreign representatives, their traveling officials, and their personnel stationed in foreign countries. FAS promotional activities, carried out with foreign currencies generated by sales made under the P. L. 480 program, have been largely supplemental to these industry activities.

A survey of West German consumer preferences for fresh grapefruit and grapefruit products, followed by an intensive promotion of these items in the Ruhr Valley, was undertaken in 1958-59 in cooperation with Florida Citrus Commission.

In the summer of 1959, a program was started in the United Kingdom to evaluate the arrival condition of California-Arizona fresh fruits. Particular attention is being given to changes in condition between point-of-origin and the market, and how to improve arrivals. This project, which will require a year for completion, is being carried out in cooperation with the California Grape and Tree Fruit League.

A leaflet to promote U.S. fruit juices and beverage bases was printed in Austria for worldwide distribution. This leaflet, in full color and 7 languages, describes and pictures 13 principal juices.

Two projects were agreed to during the year for activities in Europe, but will not be carried out until the 1960-61 marketing season. One agreement is with the Winter Pear Control Committee for a survey of marketing opportunities and effective promotional methods in Western Europe. The second provides for the promotion of dried prunes in West Germany in cooperation with the California Prune Advisory Board.

A number of other related projects are in development for the purpose of increasing sales of U.S. fruits and fruit products in Western European markets.

A wide selection of fresh, canned, and dried fruits was shown at the AIDA Fair in Lausanne, Switzerland, from June 12 to June 28, 1959, and at the ANUGA Fair in Cologne, Germany, from September 26 to October 4, 1959.

During the year the Division instituted a special foreign information service on fruits. At appropriate times throughout the marketing season, bulletins are prepared which review the U.S. supply situation with emphasis on export availabilities. These bulletins, together with preaddressed envelopes, are sent to U.S. attachés for the addition of local identification and for mailing in 56 countries.

Special Problems

As the United States has adopted a firmer position against quantitative restrictions by foreign countries on imports from the dollar area, especially those which discriminate against dollar exports, U.S. horticultural exporters probably will encounter a new rationale for restrictive measures.

It has been the practice of most European countries, which receive the bulk of off-shore exports of U.S. horticultural products, to impose restrictions on imports of these products from the dollar area--ostensibly for balance-of-payment reasons. As the European economies have improved and their foreign exchange holdings have increased, many of the restrictions on imports have been removed. In fact, these steps over the past 3 years have been sufficient to enable--for the most part--current access to the Western European markets for U.S. exports of fresh and processed citrus fruits, dried fruits, and tree nuts.

These removals of restrictions usually occurred where domestic or associated territory industries were not affected. For the most part, Western European countries have

not removed restrictions on imports if the products were produced at home or by colonial or associated territory producers. The continuance of restrictions on imports provides a measure of protection, or of price support, to such producers.

Now that these Western European countries can no longer plead balance-of-payments problems, and the United States has been forced by its outflow of exchange to adopt a stronger attitude against foreign import restrictions, the bases of most of these restrictions will come into clearer focus. Exporters of canned deciduous fruits and fresh apples and pears from the United States continue to be confronted in several countries by these restrictions which serve to protect established or growing industries in these countries or their associated territories. Thus the problem of access to markets will continue to be difficult for these industries, and probably will be approached on different grounds than before.

The development of integrated markets, such as the common market, promises to bring special problems to U.S. exporters of horticultural products. Also, continuing problems result from the need for readjustment of foreign food regulations to developing techniques for the maintenance of quality and condition of fruits. These have been treated elsewhere in the report.

A continuing but increasingly difficult problem is provided by growing competition from foreign suppliers in the horticultural field. Production of both citrus and deciduous fruits has been increasing in most of the important world producing areas. This has been encouraged by greater demand resulting from higher consumer incomes and the trend toward improving diets abroad, in some instances by the policies of foreign countries to diversify their economies or to earn foreign exchange, and in some instances by the existence or promise of protected or preferred markets. Along with the increases in supplies, there has been a revolution in the technology of supplies of fresh and processed fruits produced abroad. The newer plantings have been devoted to preferred and improved varieties. Packaging has been improving, and grade standards have been developed and applied. Storage facilities have been modernized and expanded. Modern equipment and techniques for processing have been utilized for canned and dried fruits. In most instances, the latest techniques developed in the United States or elsewhere have been incorporated in the new facilities built abroad.

Not only have foreign competitive supplies been increasing and improving in quality, but foreign exporters have been directing more attention to marketing problems. They have increasingly offered advertising, scheduled selling on a consignment basis, panel arrangements, or other devices to gain or maintain a foothold in foreign markets. With even larger supplies promised in the future, the competitive race for a share of the world market in horticultural products is very great indeed.

The U.S. industry will be forced to meet these competitive problems by increasing efforts toward maintaining high standards of quality and condition for products exported to overseas markets. Prior to the war, U.S. products often were unusual in maintaining consistent standards, but in recent years the quality of some competing products has improved relatively more than that of U.S. items. Hence, a greater concentration of endeavor toward the development of improved quality standards of U.S. horticultural products for the export market can be expected.

Competition Studies

Competition studies which have been published since the report on "Prospects for Foreign Trade in Fruits, Vegetables, and Tree Nuts" published January 1959, are listed below.

1. Survey of Mexican Winter Vegetable Production

FAS-M-3, revised November 1958

This 14-page survey describes the Mexican winter vegetable industry and accesses its growth possibilities.

2. Citrus Industry of Argentina

FAR-114, January 1959

A 79-page report evaluating the present situation in Argentina and the outlook for Argentine production and exports of fresh and processed citrus.

3. The Deciduous Fruit Industry of Italy

FAS-M-55, April 1959

A 19-page report covering production, costs of production, and marketing; and appraising future trends in exports from Italy, the world's largest exporter.

4. The Australian Olive Industry

FAS-M-50, April 1959

A 12-page report discussing present and future olive production in Australia.

5. Australian and South African Canned Deciduous Fruit Industries

FAS-M-61, November 1959

A report of 20 pages on the competitive positions of these two major canned fruit exporting countries.

